NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended September 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These consolidated financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, financing and custodial activities of the U.S. Department of Labor (DOL), a cabinet level agency of the Executive Branch of the United States Government. The Pension Benefit Guaranty Corporation (PBGC), a wholly owned Federal government corporation under the chairmanship of the Secretary of Labor, has been designated by the Office of Management and Budget (OMB) as a separate reporting entity for financial statement purposes and has been excluded from the DOL reporting entity.

The consolidated financial statements include the accounts of all funds under DOL control. All interfund balances and transactions have been eliminated. The consolidated financial statements also contain Federal employee pension and other retirement benefit costs paid by the Office of Personnel Management (OPM) and imputed to DOL. The consolidated financial statements do not include the effect of any other centrally administered assets and liabilities related to the Federal government as a whole, which may in part be attributable to DOL.

DOL operates through the execution of its congressionally approved budget under three of the major budget functions established by Congress in the Budget and Impoundment Control Act of 1974, *education, training, employment and social services, health (occupational health and safety)* and *income security*. DOL's budget consists of annual, multi-year and no-year appropriations for salaries and expenses and various program and trust fund activities. Appropriations are used to conduct operations in five major Federal programs, as shown below.

1. Major programs

C *Income maintenance*
C *Employment and training*
C *Labor, employment and pension standards*
C *Worker safety and health*
C *Statistics*

The gross and net operating costs of each program are presented in the Statement of Net Cost. Each major program, with the exception of *Statistics*, is classified as crosscutting on the Statement of Net Costs. Crosscutting programs are operated by more than one suborganization within DOL.

2. Suborganizations

DOL's financial activities are administered through eight suborganizations representing the Department's primary program agencies and responsibility centers. DOL's suborganizations are shown below. The full and net operating costs of each suborganization are presented in Note 15 to these financial statements.

C *Employment and Training Administration (ETA)*
C *Employment Standards Administration (ESA)*
C *Occupational Safety and Health Administration (OSHA)*
C *Bureau of Labor Statistics (BLS)*
C *Mine Safety and Health Administration (MSHA)*
C *Pension and Welfare Benefits Administration (PWBA)*
C *Veterans' Employment and Training (VETS)*
C *Other Departmental Programs*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure

DOL's financial activities are accounted for by Federal account symbol, utilizing individual funds within distinct fund types. A discussion of these fund types and the individual funds comprising each follows.

- *Trust fund type*

The Unemployment Trust Fund was established to receive, hold, invest and disburse monies collected under the Federal Unemployment Tax Act, as well as state unemployment taxes collected by state employment security agencies and transferred to the Fund, and the unemployment taxes collected by the Railroad Retirement Board and transferred to the Fund.

The Longshore and Harbor Workers' Compensation Act Trust Fund provides medical benefits, compensation for lost wages and rehabilitation services for job related injuries and diseases or death to private sector workers in certain maritime and related employment.

The District of Columbia Workmens' Compensation Act Trust Fund provides compensation and medical payments to District of Columbia employees for work related injuries or death which occurred prior to July 26, 1982.

The Black Lung Disability Trust Fund provides compensation and medical benefits to coal miners who suffer disability due to pneumoconiosis, and compensation benefits to their dependent survivors.

The Hazardous Substance Response Fund provides for clean up of hazardous substance emergencies and abandoned hazardous waste sites.

Gifts and Bequests uses miscellaneous funds received by gift or bequest to support various activities of the Secretary of Labor.

- *Appropriated (general) fund type*

Salaries and Expenses include appropriated funds which are used for departmental administration and other activities in carrying out the missions and functions of the Department, except where specifically provided for from other funds of the Department.

Training and Employment Services provides for a flexible, decentralized system of Federal and local programs of training and other services for the economically disadvantaged designed to lead to permanent gains in employment, through grants to states and Federal programs such as Job Corps, currently authorized by the Job Training Partnership Act.

Welfare to Work Jobs provides funding for the activities of the Welfare-to-Work Grants program established by the Balanced Budget Act of 1997. The program provides formula grants to States and Federally administered competitive grants to other eligible entities to assist welfare recipients in securing lasting unsubsidized employment.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

- *Appropriated (general) fund type - continued*

State Unemployment Insurance and Employment Service Operations includes grants to states for administering the Unemployment Compensation and Employment Service programs. Unemployment Compensation provides administrative grants to state agencies which pay unemployment benefits to eligible workers and collect state unemployment taxes from employers. The Employment Service is a nationwide system providing no-fee employment services to individuals seeking employment and to employers seeking workers. Employment Service activities are financed by allotments to states distributed under a demographically based funding formula established under the Wagner-Peyser Act, as amended.

Payments to the Unemployment Trust Fund was initiated as a result of amendments to the Emergency Unemployment Compensation (EUC) law, which provided general fund financing to the Unemployment Trust Fund to pay emergency unemployment benefits and associated administrative costs. The Fund continues to process benefit overpayment refunds for the terminated EUC program.

Advances to the Unemployment Trust Fund and Other Funds provides advances to other accounts within the Unemployment Trust Fund to pay unemployment compensation whenever the balances in these accounts prove insufficient or whenever reimbursements to certain accounts, as allowed by law, are to be made. This account also provides repayable advances to the Black Lung Disability Trust Fund, to make disability payments whenever the fund balance proves insufficient.

Federal Unemployment Benefits and Allowances provides for payment of benefits, training, job search and relocation allowances as authorized by the Trade Act of 1974.

Community Service Employment for Older Americans provides part time work experience in community service activities to unemployed, low income persons aged 55 and over.

The Federal Employees' Compensation Act Special Benefit Fund provides wage replacement benefits and payment for medical services to covered Federal civilian employees injured on the job, employees who have incurred a work related occupational disease and beneficiaries of employees whose death is attributable to a job related injury. The Fund also provides for rehabilitation of injured employees to facilitate their return to work.

The Panama Canal Commission Compensation Fund was established to pay workers compensation obligations of the Panama Canal Commission under the Federal Employees' Compensation Act from funding provided by the Commission.

- *Revolving fund type*

The Working Capital Fund maintains and operates a program of centralized services in the national office and the field. The Fund is paid in advance by the agencies, bureaus and offices for which centralized services are provided, at rates which return the full cost of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

A. Reporting Entity - Continued

3. Fund accounting structure - continued

- *Miscellaneous receipt and deposit fund types*

Miscellaneous receipt accounts hold non entity receipts and accounts receivable from DOL activities which by law, cannot be deposited into funds under DOL control. The U.S. Department of the Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the Treasury at the end of each fiscal year. Deposit accounts hold monies for which DOL is acting as custodian, as well as monies withheld from payments for goods and services, monies from unknown remittances and monies whose distribution awaits a legal determination or investigation.

4. Inter-Departmental relationships

DOL and the Department of the Treasury (Treasury) are jointly responsible for the operations of the Unemployment Trust Fund and the Black Lung Disability Trust Fund. DOL is responsible for the administrative oversight and policy direction of the programs financed by these trust funds. Treasury acts as custodian over monies deposited into the funds and also invests amounts in excess of disbursing requirements in Treasury securities on behalf of DOL. DOL consolidates the financial results of the Unemployment Trust Fund and the Black Lung Disability Trust Fund into these financial statements.

B. Basis of Accounting and Presentation

1. Basis of accounting

The Federal Accounting Standards Advisory Board (FASAB), an advisory body created under the terms of the Federal Advisory Council Act (FACA) as amended, considers and recommends standards for Federal accounting. In discharging its responsibilities, the FASAB develops Statements of Federal Financial Accounting Standards, Statements of Federal Financial Accounting Concepts, Interpretations and other communications related to Federal accounting. When the FASAB has developed a proposed concept or standard, it is submitted to the Comptroller General, the Secretary of the Treasury and the Director of OMB for their review. If within ninety days after its submission, any one of these officials objects to the proposed concept or standard, then it shall be returned to the Board for further consideration. If within 90 days, none of these officials objects, then it becomes a final concept or standard of the Board..

The Council of the American Institute of Certified Public Accountants (AICPA) recognized the FASAB as the body designated to establish generally accepted accounting principles (GAAP) for Federal governmental entities under Rule 203, "Accounting Principles," of the AICPA's *Code of Professional Conduct*. The Auditing Standards Board published Statement on Auditing Standards (SAS) No. 91, Amendment to Statement on Auditing Standards No. 69, The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles in the Independent Auditors' Report, which established the following hierarchy of accounting principles for Federal governmental entities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Accounting and Presentation - Continued

1. Basis of accounting - continued

- FASAB Statements and Interpretations, as well as Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) pronouncements specifically made applicable to Federal governmental entities by FASAB Statements and Interpretations;

- FASAB Technical Bulletins and, if specifically made applicable to Federal governmental entities by the AICPA and cleared by FASAB, AICPA Industry Audit and Accounting Guides and AICPA Statements of Position;

- AICPA AcSEC Practice Bulletins if specifically made applicable to Federal governmental entities by the AICPA and cleared by FASAB, as well as Technical releases of the Accounting and Auditing Policy Committee (AAPC) of the FASAB;

- Implementation guides published by FASAB staff and practices that are widely recognized and prevalent in the Federal government; as well as other accounting literature, in the absence of guidance in this hierarchy, depending on its relevance in the circumstances.

DOL prepared these financial statements in accordance with generally accepted accounting principles.

2. Basis of presentation

The consolidated financial statements have been prepared from the books and records of DOL, in accordance with the form and content requirements of OMB Bulletin 97-01, as amended, and DOL's accounting policies, as summarized in Note 1. These statements are different from the financial reports, also prepared by DOL pursuant to OMB directives, used to monitor DOL's use of budgetary resources.

C. Funds with U.S. Treasury

DOL’s cash receipts and disbursements are processed by the U.S. Treasury. Funds with U.S. Treasury represent obligated and unobligated balances available to finance allowable expenditures and restricted balances, including amounts related to expired authority and amounts not available for use by DOL. (See Note 2.)

D. Investments

DOL administers funds which are invested by Treasury in securities of the U.S. government. The majority of DOL's investments are in non-marketable special issue U.S. Treasury securities, redeemable on demand at their maturity value, which is equivalent to their carrying value on the Consolidated Balance Sheet. Special issues may be bought or sold only by Federal government agencies and trust funds. No secondary market exists for these instruments; therefore, no provision is made in the financial statements for unrealized gains or losses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Investments - Continued

Funds held in the Unemployment Trust Fund are invested by Treasury in non-marketable Treasury securities. Investments are stated at cost. Funds held in the Panama Canal Commission Compensation Fund, the Longshore and Harbor Workers' Trust Fund and the District of Columbia Trust Fund are also invested by Treasury in marketable Treasury securities. These investments are stated at amortized cost. Discounts and premiums are amortized using the straight-line method, which approximates the effective interest method. (See Note 3.)

E. Accounts Receivable, Net of Allowance

The Federal Employees Compensation (FEC) account within the Unemployment Trust Fund provides unemployment insurance (UI) to eligible Federal workers (UCFE) and ex-service members (UCX). DOL records as accounts receivable amounts due from Federal agencies for unreimbursed UCFE and UCX benefits.

DOL's Federal Employees’ Compensation Act Special Benefit Fund provides workers' compensation benefits (FECA benefits) to eligible Federal workers on behalf of other Federal agencies. DOL records as accounts receivable amounts due from Federal agencies for unreimbursed FECA benefits.

State unemployment taxes due from state employers and UI benefit overpayments paid to individuals determined ineligible to receive benefits are recorded by DOL as accounts receivable. Also included as benefit overpayments receivable are Black Lung Disability, Federal Employees’ Compensation, Longshore and Harbor Workers' and District of Columbia benefit overpayments made to individuals who were determined to be ineligible.

DOL also records as accounts receivable amounts due for fines and penalties levied against employers by OSHA, MSHA, ESA and PWBA, amounts due for backwages levied against employers by ESA and amounts due from ETA's grantees and contractors for disallowed grant costs.

Receivables are stated net of an allowance for uncollectible accounts. The allowance is estimated based on past collection experience and an analysis of outstanding accounts receivable balances at year end. (See Note 4.)

F. Advances

DOL makes advances to state employment security agencies and to grantees and contractors to provide for future DOL program expenditures. These payments are recorded as an asset, which is reduced when actual expenditures or accruals of unreported expenditures are recorded by DOL. (See Note 5.)

G. Property, Plant and Equipment, Net of Depreciation

The majority of DOL's property, plant and equipment is held by Job Corps centers owned and operated by DOL through a network of contractors. Job Corps center construction costs are capitalized as construction-in-progress until completed and are then classified as structures or facilities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. Property, Plant and Equipment, Net of Depreciation- Continued

DOL maintains the Capital Asset Tracking and Reporting System (CATARS) to account for Job Corp's capitalized assets, as well as other capital equipment used by DOL management. Property, plant and equipment purchases and additions are stated at cost. Normal repairs and maintenance are charged to expense as incurred.

Property, plant and equipment with a cost greater than $25,000 ($5,000 for the Working Capital Fund) and a useful life of 2 or more years are capitalized. Internally developed software in the Working Capital Fund with a cost greater than $5,000 is capitalized, when the cost of the software is intended to be recovered through charges to other DOL users. Property, plant and equipment costing less than $25,000 ($5,000 for the Working Capital Fund) or having a useful life of less than 2 years are charged to expense at the time of purchase.

Prior to 1996, property, plant and equipment with a cost greater than $5,000 and a useful life of 2 or more years was capitalized. Property, plant and equipment costing less than $5,000 or having a useful life of less than 2 years was charged to expense at the time of purchase.

Plant and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method of depreciation.

Leasehold improvements made at Job Corps centers and DOL facilities leased from the General Services Administration are recorded at cost and amortized over their useful lives, using the straight-line amortization method. DOL has no operating leases which extend for a period of more than one year.

The table presented below classifies the depreciation periods used for the major classes of DOL plant and equipment. (See Note 6.)

	Years
Structures, facilities and improvements	20 - 50
Furniture and equipment	2 - 36
ADP software	2 - 15

DOL grantees have acquired real and tangible property with Federal grant funds in which DOL has a reversionary interest when the property is disposed of or no longer used for its authorized purpose. DOL is entitled to a pro rata share of the proceeds from sale of the property or a pro rata share of the property's fair market value, if the property is retained by the grantee but no longer used for DOL purposes.

The value of DOL's reversionary interest in real and tangible property acquired with Federal grant funds can not be determined until the grantee's intention to sell or convert the property is known.

H. Non-Entity Assets

Assets in the possession of DOL which are not available to DOL for obligation are considered non-entity assets. DOL holds non-entity assets for the Railroad Retirement Board and for DOL agencies involved in the assessment, collection and transfer to the U.S. Treasury of fines and penalties for regulatory violations. (See Note 7.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

I. Liabilities

Liabilities represent probable amounts to be paid by DOL as a result of past transactions, and are recognized when incurred, regardless of whether there are budgetary resources available to pay them. However, the liquidation of these liabilities will consume budgetary resources and cannot be made until available resources have been obligated. For financial reporting purposes, DOL's liabilities are classified as covered or not covered by budgetary resources. Liabilities are classified as covered by budgetary resources if budgetary resources are available for consumption, regardless of whether the available resources have been obligated. Liabilities are classified as not covered by budgetary resources if budgetary resources are not available for consumption. These classifications differ from budgetary reporting , which categorizes liabilities as obligated, consuming budgetary resources, or unobligated, not consuming budgetary resources. Unobligated liabilities include those covered liabilities for which available budgetary resources have not been obligated, as well as liabilities not covered for which budgetary resources are not available. (See Notes 12 and 13.)

J. Advances from U.S. Treasury

The Benefits Revenue Act provides for repayable advances to DOL's Black Lung Disability Trust Fund, in the event fund resources are not adequate to meet fund obligations. Spending authority is derived from the Black Lung Disability Trust Fund's indefinite authority to borrow. Repayable advances are provided through transfers from the Advances to the Unemployment Trust Fund and Other Funds appropriation, to the extent of borrowings under the authority. Advances are repayable with interest at a rate determined by the Secretary of the Treasury to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding. Advances made prior to 1982 carried rates of interest equal to the average rate borne by all marketable interest-bearing obligations of the United States then forming a part of the public debt. Outstanding advances at September 30, 2000 bear interest rates ranging from 5.625% to 13.875%. Amounts in the trust fund shall be available, as provided by appropriation acts, for the repayment of and the payment of interest on, these repayable advances. Interest and principal are payable to the general fund of the Treasury when the Secretary of the Treasury determines that funds are available in the trust fund for such purposes. (See Note 8.)

K. Accrued Leave

A liability for annual and compensatory leave is accrued as leave is earned and paid when leave is taken. At year end, leave balances are revalued to reflect current wages. The balance of leave earned but not taken will be paid from future funding sources. Sick leave and other types of nonvested leave are expensed as taken.

L. Accrued Benefits

The financial statements include a liability for unemployment, disability and workers' compensation benefits payable under the provisions of the Social Security Act, the Black Lung Benefit Act and the Federal Employees' Compensation Act. Unemployment, disability and workers' compensation benefits are paid from designated funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L. Accrued Benefits - Continued

Within each program, DOL recognizes a liability for certain unpaid benefits, as discussed below: (See Note 9.)

1. Unemployment Trust Fund

The Unemployment Trust Fund, established under the authority of Section 904 of the Social Security Act of 1935, as amended, provides benefits to unemployed workers who meet State and Federal eligibility requirements. Regular and extended unemployment benefits are paid from State accounts within the Unemployment Trust Fund, financed by a State unemployment tax on employer payrolls. Fifty percent of the cost of extended unemployment benefits is paid from the Extended Unemployment Compensation Account within the Unemployment Trust Fund, financed by a Federal unemployment tax on employer payrolls.

Unemployment benefits to unemployed Federal workers are paid from the Federal Employment Compensation Account within the Unemployment Trust Fund. These benefit costs are reimbursed by the responsible Federal agency. DOL recognizes a liability for unemployment benefits to the extent of unpaid benefits applicable to the current period. DOL recognizes a liability for Federal employees' unemployment benefits to the extent of unpaid benefits for existing claims filed during the current period, payable in the subsequent period.

2. Black Lung Disability Trust Fund

The Black Lung Disability Trust Fund, established under the authority of the Black Lung Benefit Act, provides for compensation and medical benefits for eligible coal miners who are disabled due to pneumoconiosis (black lung disease). DOL recognizes a liability for disability benefits to the extent of unpaid benefits applicable to the current period.

3. Federal Employees’ Compensation Act Special Benefit Fund

The Federal Employees' Compensation Act Special Benefit Fund, established under the authority of the Federal Employees' Compensation Act (FECA), provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The fund is reimbursed by other Federal agencies for the FECA benefit payments made on behalf of their workers. The fund assumes the liability for unreimbursed (non-chargeable) FECA benefits. A liability for FECA benefits payable by the Special Benefit Fund to the employees of other Federal agencies is accrued to the extent of unpaid benefits applicable to the current period.

The fund also provides 50% of the annual cost-of-living adjustments for pre-1972 compensation cases under the authority of Section 10(h) of the Longshore and Harbor Workers' Compensation Act and the District of Columbia Workmen's Compensation Act. DOL recognizes a liability for 10(h) payments to the extent of unpaid benefits applicable to the current period.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

M. Future Workers' Compensation Benefits

The financial statements include a liability for future workers' compensation (FECA) benefits payable by DOL to its employees, to employees of the Panama Canal Commission and to enrollees of the Job Corps. The liability also includes future workers' compensation benefits not chargeable to other Federal agencies, which must be paid by DOL's Federal Employees' Compensation Act Special Benefit Fund . The liability includes the expected payments for death, disability, medical and miscellaneous costs for approved compensation cases. Also included as a change from the liability reported in prior years is a component for incurred but not reported claims. The liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The methodology provides for the effects of inflation by applying wage inflation factors (cost of living adjustments or COLAs) and medical inflation factors (consumer price index medical or CPIMs) to the calculation of projected future benefits. These factors were also used to adjust the methodology's historical payments to current year constant dollars.

The compensation COLAs and CPIMs used in the projections are shown below.

FY	COLA	CPIM	FY	COLA	CPMI
1989	4.52%	6.98%	1997	2.85%	3.11%
1990	4.32%	8.40%	1998	2.67%	2.76%
1991	5.05%	9.36%	1999	1.53%	3.51%
1992	5.06%	7.96%	2000	1.97%	3.69%
1993	2.82%	6.61%	2001	2.83%	4.24%
1994	2.74%	5.27%	2002	2.90%	4.10%
1995	2.56%	4.72%	2003	2.53%	4.16%
1996	2.60%	4.00%	2004+	2.60%	4.16%

Projected annual payments were discounted to present value based on OMB's interest rate assumptions for ten year Treasury notes. Interest rate assumptions were 6.275% in 2001 and 6.300% in 2002 and thereafter. (See Note 10.)

N. Employee Health and Life Insurance Benefits

DOL employees are eligible to participate in the contributory Federal Employees Health Benefit Program (FEHBP) and the Federal Employees Group Life Insurance Program (FEGLIP). DOL matches the employee contributions to each program to pay for current benefits. During 2000, DOL's contributions to the FEHBP and FEGLIP were $45.1 and $1.6 million, respectively. These contributions are recognized as current operating expenses.

O. Other Retirement Benefits

DOL employees eligible to participate in the FEHBP and the FEGLIP may continue to participate in these programs after their retirement. DOL recognizes a current operating expense for the future cost of these other retirement benefits (ORB) at the time the employee's services are rendered. This ORB expense must be financed by OPM, and is offset by DOL through recognition of an imputed financing source. Using cost factors supplied by OPM, DOL recorded ORB expense and imputed financing sources of $40.1 million in 2000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

P. Employee Pension Benefits

DOL employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). For employees participating in CSRS, 7.4% of their gross earnings is withheld and transferred to the Civil Service Retirement and Disability Fund. DOL contributes an additional 8.51% of the employee gross earnings to the CSRS Retirement and Disability Fund.

For employees participating in FERS, DOL withholds 1.2% of gross earnings, and matches the withholding with a 10.7% employer contribution. This total is transferred to the Federal Employees' Retirement Fund. The CSRS and FERS retirement funds are administered by the OPM. DOL contributions to the CSRS and FERS are recognized as current operating expenses. (See Note 14).

FERS participants are also covered under the Federal Insurance Contribution Act (FICA) and are subject to FICA withholdings. DOL makes matching contributions to FICA, recognized as operating expenses. DOL's matching FICA contributions were $41.7 million during 2000.

On April 1, 1987, the Federal government initiated the Thrift Savings Plan (TSP), a defined contribution retirement savings and investment plan for employees covered by either CSRS or FERS. CSRS participants may contribute up to 5% of their gross pay to the TSP, but there is no departmental matching contribution. FERS participants may contribute up to 10% of their gross pay to the TSP.

For employees covered under FERS, DOL contributes 1% of the employees' gross pay to the TSP. DOL also matches 100% of the first 3% contributed and 50% of the next 2% contributed. DOL contributions to the TSP are recognized as current operating expenses. The maximum amount that either FERS or CSRS employees may contribute to the TSP in a calendar year is $10,000. Employee and employer contributions to the TSP are transferred to the Federal Retirement Thrift Investment Board.

DOL recognizes the full cost of providing future CSRS and FERS pension benefits to covered employees at the time the employees' services are rendered. The pension expense recognized in the financial statements equals the service cost for covered DOL employees, less amounts contributed by these employees. Service cost represents the actuarial present value of benefits attributed to services rendered by covered employees during the accounting period.

The measurement of service cost requires the use of actuarial cost methods to determine the percentage of the employees' basic compensation sufficient to fund their projected pension benefit. These percentages (cost factors) are provided by OPM, and applied by DOL to the basic annual compensation of covered employees to arrive at the amount of total pension expense to be recognized in DOL's financial statements.

The excess of total pension expense over the amount contributed by the Department and by DOL's employees represents the amount of pension expense which must be financed directly by OPM. DOL recognized as non-exchange revenue an imputed financing source equal to the excess amount. DOL does not report in its financial statements FERS or CSRS assets, accumulated plan benefits or unfunded liabilities, if any, applicable to its employees. (See Note 14.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Q. Net Position

DOL's net position at September 30, 2000, consisted of the following:

1. Unexpended appropriations

Unexpended appropriations include appropriations not yet obligated or expended, represented by the unobligated balances and undelivered orders of DOL's appropriated funds. Multi-year appropriations remain available to DOL for obligation in future periods. Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, until that account is closed, five years after the appropriations expire. (See Note 13).

2. Cumulative results of operations

Cumulative results of operations at September 30, 2000, include the accumulated difference between expenses consuming budgetary resources and financing sources providing budgetary resources during the current and prior fiscal years; DOL's investment in capitalized assets, which increases as capital assets are acquired and decreases as capital assets are depreciated or disposed of; and the excess of certain liabilities not consuming budgetary resources, net of certain assets not providing budgetary resources, whose liquidation will require obligation of funds and may require funding from future Congressional appropriations or other budgetary resources . (See Note 13).

R. Net Cost of Operations

Federal cost accounting standards require DOL to report operating costs by program activity and responsibility segment. Full costs include all direct and indirect costs consumed by a program or responsibility segment. Full costs are reduced by exchange (earned) revenues to arrive at net operating cost.

1. Operating cost

The full and net operating costs of DOL's major programs are presented in the Consolidated Statement of Net Cost. Full program costs are comprised of all direct costs consumed by the program and those indirect costs which can be reasonably assigned or allocated to the program, including employee pension and other retirement benefit costs paid by the Office of Personnel Management (OPM) and imputed to DOL. Approximately 99.9% of DOL's full operating costs were attributed to major programs in 2000. Indirect costs not assigned to a major program comprised the remaining .1%.

DOL's major program costs are disaggregated by suborganization in Note 15. These suborganizations comprise the Department's primary program agencies and responsibility segments. Note 15 also presents DOL's net operating costs by the eleven outcome goals adopted in the Department's Annual Performance Plan for FY 2000, submitted under the requirements of the Government Performance and Review Act (GPRA). Over 99% of DOL's net operating costs were directly assigned to these outcome goals and suborganizations. The remaining costs were allocated, based on methodologies consistent with the composition of the allocable cost. (See Note 15.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

R. Net Cost of Operations - Continued

2. Earned revenue

Earned revenues arise from exchange transactions which occur through the provision of goods and services for a price, and are deducted from the full cost of DOL's major programs to arrive at net program cost. Earned revenues are recognized by DOL to the extent reimbursements are payable from other Federal agencies and from the public, as a result of costs incurred or services performed on their behalf. Major sources of DOL's earned revenue include reimbursements due to the Federal Employees' Compensation Act Special Benefit Fund from Federal agencies for the costs of disability compensation and medical care provided to or accrued on behalf of their employees, and reimbursements due to the Unemployment Trust Fund from Federal agencies for the cost of unemployment benefits provided to or accrued on behalf of their employees.

S. Net Financing Sources

Financing sources other than earned revenues provide funding for the Department's net cost of operations and are reported on the Consolidated Statement of Changes in Net Position. These financing sources include non-exchange revenue, appropriations used, imputed financing and transfers, as discussed below:

1. Non-exchange revenue

Non-exchange revenues arise from the Federal government's power to demand payments from and receive donations from the public. Non-exchange revenues are recognized by DOL on the Consolidated Statement of Changes in Net Position for the transfer of employer and excise taxes from the entities collecting these taxes and for interest income from investments, as discussed below:

C *Employer taxes*

Employer tax revenues are recognized on a modified cash basis, to the extent of cash transferred by the collecting entity to DOL, plus the change in inter-entity balances between the collecting entity and DOL. Inter-entity balances represent revenue received by the collecting entity, net amounts due to the collecting entity and adjustments made to previous transactions by the collecting entity which have not been transferred to the receiving entity. Federal and state unemployment taxes represent non-exchange revenues collected from employers based on wages paid to employees in covered employment. Federal unemployment taxes are collected by the Internal Revenue Service and transferred to designated accounts within the Unemployment Trust Fund. State unemployment taxes are collected by each State and deposited in separate State accounts within the Unemployment Trust Fund. Federal unemployment taxes are used to pay the Federal share of extended unemployment benefits and to provide for Federal and State administrative expenses related to the operation of the unemployment insurance program. State unemployment taxes are restricted in their use to the payment of unemployment benefits. Excise taxes are collected from coal mine operators based on the sale of coal. These excise taxes are collected by the Internal Revenue Service and transferred to the Black Lung Disability Trust Fund. (See Note 16.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

S. Net Financing Sources - Continued

1. Non-exchange revenue - continued

C *Investment interest*

The Unemployment Trust Fund, Longshore and Harbor Workers' Compensation Act Trust Fund (Longshore and Harbor Workers' Trust Fund), District of Columbia Workmen's Compensation Trust Fund (District of Columbia Trust Fund) and Panama Canal Commission Compensation Fund receive interest on fund investments. Interest is also earned on Federal funds in the possession of non-Federal entities. Interest is recognized as non-exchange revenue when earned. (See Note 16.)

C *Assessments*

The Longshore and Harbor Workers' Trust Fund and District of Columbia Trust Fund receive non-exchange revenues from assessments levied on insurance companies and self-insured employers. Assessments are recognized as non-exchange revenues when due. (See Note 16.)

C *Reimbursement of unemployment benefits*

The Unemployment Trust Fund receives reimbursements from state and local government entities and non-profit organizations for the cost of unemployment benefits provided to their employees. These reimbursements are recognized as other non-exchange revenue when due. (See Note 16.)

2. Appropriations used

DOL receives financing sources through congressional appropriations to support its operations. A financing source, appropriations used, is recognized to the extent these appropriated funds have been consumed. Appropriations are consumed through the recognition of accrued expenses for which budgetary resources have been obligated. Accrued expenses not covered by budgetary resources do not consume appropriated capital in the period recognized, and must be funded from future appropriations. The consumption of appropriations used to purchase capital items is recognized at the time of purchase.

3. Imputed financing

A financing source is imputed by DOL to provide for pension and other retirement benefit expenses recognized by DOL but financed by OPM. (See Notes 1-O and P.)

4. Transfers

Other financing sources recognized by DOL in 2000 include non-expenditure transfers from the Environmental Protection Agency to the Occupational Safety and Health Administration Hazardous Substance Response Fund to assist in the clean-up of hazardous substances.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

S. Net Financing Sources - Continued

4. Transfers - continued

DOL also recognizes as an other financing source the transfer of property from the General Services Administration to the Employment and Training Administration (ETA) to be used in ETA job training programs.

The Working Capital Fund received a transfer into cumulative results of operations from various DOL general fund unexpended appropriation accounts. (See Note 17.)

T. Custodial Activities

DOL collects and transfers to the general fund of the U.S. Treasury custodial non-exchange revenues for penalties levied against employers by OSHA, MSHA, ESA and PWBA for regulatory violations, for ETA disallowed grant costs assessed against canceled appropriations and for FECA administrative costs assessed against government corporations in excess of amounts reserved to finance capital improvements in the Federal Employees' Compensation Act Special Benefit Fund. These collections are not available to the agencies for obligation or expenditure. Penalties and other assessments are recognized as custodial revenues when collected or subject to collection. The source and disposition of these revenues are reported on the Statement of Custodial Activities. (See Note 19.)

NOTE 2 - FUNDS WITH U.S. TREASURY

Funds with U.S. Treasury at September 30, 2000 consisted of the following:

(Dollars in thousands)	Entity Assets	Non-entity Assets	Total
Revolving funds	$ 24,284	$ -	$ 24,284
Trust funds	297,059	(15)	297,044
Appropriated funds	9,575,528	-	9,575,528
Other	-	54,850	54,850
	$ 9,896,871	$ 54,835	$ 9,951,706

NOTE 3 - INVESTMENTS

Investments at September 30, 2000 consisted of the following:

(Dollars in thousands)	Face Value	Premium (Discount)	Net Value	Market Value
Unemployment Trust Fund				
Non-marketable				
U.S. Treasury Certificates of Indebtedness				
6.500% maturing June 30, 2001	$ 1,528,798	$ -	$ 1,528,798	$ 1,528,798
Special issue U.S. Treasury Bonds				
6.750% maturing June 30, 2001	19,954,879	-	19,954,879	19,954,879
6.750% maturing June 30, 2002	23,223,478	-	23,223,478	23,223,478
6.500% maturing June 30, 2003	21,000,000	-	21,000,000	21,000,000
6.500% maturing June 30, 2004	20,691,993	-	20,691,993	20,691,993
	86,399,148	-	86,399,148	86,399,148
Panama Canal Commission Compensation Fund				
Marketable				
U.S. Treasury Bill				
5.765% maturing November 20, 2000	7,228	(46)	7,182	7,182
U.S. Treasury Notes				
5.875% to 7.875% various maturities	20,620	258	20,878	21,203
U.S. Treasury Bonds				
8.750% to 14.000% various maturities	50,413	10,487	60,900	57,563
	78,261	10,699	88,960	85,948
Longshore and Harbor Workers' Trust Fund				
Marketable				
U.S. Treasury Bills				
5.840% to 6.090% various maturities	59,144	(765)	58,379	58,379
District of Columbia Trust Fund				
Marketable				
U.S. Treasury Bills				
5.780% to 6.080% various maturities	4,470	(49)	4,421	4,421
	$ 86,541,023	$ 9,885	$ 86,550,908	$ 86,547,896
Entity investments	$ 86,451,434	$ 9,885	$ 86,461,319	$ 86,458,307
Non-entity investments	89,589	-	89,589	89,589
	$ 86,541,023	$ 9,885	$ 86,550,908	$ 86,547,896

NOTE 4 - ACCOUNTS RECEIVABLE, NET OF ALLOWANCE

Accounts receivable at September 30, 2000 consisted of the following:

(Dollars in thousands)	Gross Receivables	Allowance	Net Receivables
Entity intra-governmental assets			
Due for UCFE and UCX benefits	$ 236,327	$ -	$ 236,327
Due for workers' compensation benefits	3,266,919	-	3,266,919
Interest from Treasury securities	1,418,585	-	1,418,585
Other	12,770	-	12,770
	4,934,601	-	4,934,601
Non-entity intra-governmental assets			
Due from Internal Revenue Service for tax overpayment	26,033	-	26,033
Interest from Treasury securities	1,470	-	1,470
	27,503	-	27,503
	4,962,104	-	4,962,104
Entity assets			
State unemployment taxes	676,150	(431,312)	244,838
Due from reimbursable employers	334,077	(46,943)	287,134
Benefit overpayments	2,269,327	(2,108,150)	161,177
Other	10,289	(502)	9,787
	3,289,843	(2,586,907)	702,936
Non-entity assets			
Fines and penalties	121,509	(53,229)	68,280
Backwages	10,446	(3,000)	7,446
Other	4,664	-	4,664
	136,619	(56,229)	80,390
	3,426,462	(2,643,136)	783,326
	$ 8,388,566	$ (2,643,136)	$ 5,745,430

Changes in the allowance for doubtful accounts during 2000 consisted of the following:

(Dollars in thousands)	Balance at September 30, 1999	Write-offs	Revenue Adjustment	Bad Debt	Balance at September 30, 2000
Entity assets					
State unemployment taxes	$ (413,910)	$ 221,817	$ (239,219)	$ -	$ (431,312)
Due from reimbursable employers	(34,960)	10,319	(22,302)	-	(46,943)
Benefit overpayments	(2,037,015)	168,510	-	(239,645)	(2,108,150)
Other	(914)	585	-	(173)	(502)
	(2,486,799)	401,231	(261,521)	(239,818)	(2,586,907)
Non-entity assets					
Fines and penalties	(52,851)	11,819	(12,197)	-	(53,229)
Backwages	(221)	(2,779)	-	-	(3,000)
	(53,072)	9,040	(12,197)	-	(56,229)
	$ (2,539,871)	$ 410,271	$ (273,718)	$ (239,818)	$ (2,643,136)

NOTE 5 - ADVANCES

Advances at September 30, 2000 consisted of the following :

(Dollars in thousands)	2000
Advances to states for UI benefit payments	$ 162,749
Advances to grantees and contractors to finance future DOL program expenditures	7,889
Other	359
	$ 170,997

NOTE 6 - PROPERTY, PLANT AND EQUIPMENT, NET OF DEPRECIATION

Property, plant and equipment at September 30, 2000 consisted of the following :

(Dollars in thousands)	Cost or Basis	Accumulated Depreciation/ Amortization	Net Book Value
Structures, facilities and improvements			
Structures and facilities	$ 634,768	$ (281,183)	$ 353,585
Improvements to leased facilities	280,893	(122,577)	158,316
	915,661	(403,760)	511,901
Furniture and equipment			
Equipment held by contractors	181,560	(167,112)	14,448
Furniture and equipment	55,902	(23,830)	32,072
	237,462	(190,942)	46,520
ADP software	53,331	(26,705)	26,626
Construction-in-progress	94,949	-	94,949
Land	58,808	-	58,808
	$ 1,360,211	$ (621,407)	$ 738,804

NOTE 7 - NON-ENTITY ASSETS

Non-entity assets consisted of the following at September 30, 2000:

(Dollars in thousands)	2000
Intra-governmental	
Funds with U.S. Treasury	$ 54,835
Investments	89,589
Accounts receivable	27,503
	171,927
Accounts receivable, net of allowance	80,390
	$ 252,317

NOTE 8 - ADVANCES FROM U.S. TREASURY

Advances from U.S. Treasury to the Black Lung Disability Trust Fund during 2000 consisted of the following:

(Dollars in thousands)	Balance at September 30, 1999	Net Borrowing	Balance at September 30, 2000
Intra-governmental			
Borrowing from the Treasury	$ 6,258,557	$ 490,000	$ 6,748,557
	$ 6,258,557	$ 490,000	$ 6,748,557

These repayable advances represent $6.749 billion of the fund's $6.746 billion net position deficit at September 30, 2000. Assuming the continuation of current operating conditions, repayment of these and necessary future advances will require a change in the statutory operating structure of the fund.

NOTE 9 - ACCRUED BENEFITS

Accrued benefits at September 30, 2000 consisted of the following:

(Dollars in thousands)	2000
State regular and extended unemployment benefits payable	$ 671,797
Federal extended unemployment benefits payable	18,100
Federal emergency unemployment benefits payable	11,053
Federal employees' unemployment benefits payable	15,558
Federal employees' unemployment benefits for existing claims due in the subsequent year	80,711
Disability benefits payable to Federal employees and 10(h) benefits payable	113,208
Disability benefits payable to longshore and harbor workers	1,285
Disability payments payable to employees of the District of Columbia	92
Disability benefits payable to coal mine workers	30,928
	$ 942,732

NOTE 10 - FUTURE WORKERS' COMPENSATION BENEFITS

DOL's liability for future workers' compensation benefits at September 30, 2000 consisted of the following:

(Dollars in thousands)	2000
Projected gross liability of the Federal government for future FECA benefits	$ 21,787,649
Less liabilities attributed to other agencies:	
U.S. Postal Service	(6,298,430)
Department of Navy	(2,665,434)
Department of Army	(1,731,678)
Department of Veterans Affairs	(1,585,031)
Department of Air Force	(1,337,201)
Department of Transportation	(1,086,745)
Tennessee Valley Authority	(586,388)
Department of Treasury	(915,638)
Department of Agriculture	(768,532)
Department of Justice	(985,513)
Department of Interior	(584,830)
Department of Defense, Other	(876,106)
Department of Health and Human Services	(263,893)
Social Security Administration	(239,414)
General Services Administration	(178,996)
Department of Commerce	(155,647)
Department of Energy	(84,485)
Department of State	(49,916)
Department of Housing & Urban Development	(74,653)
Department of Education	(18,820)
National Air and Space Administration	(61,581)
Environmental Protection Agency	(33,673)
Federal Emergency Management Association	(21,996)
Small Business Administration	(30,746)
Office of Personnel Management	(12,736)
National Science Foundation	(1,767)
Nuclear Regulatory Commission	(8,230)
Agency for International Development	(29,819)
Other	(538,645)
	(21,226,543)
	$ 561,106
Projected liability of the Department of Labor for future FECA benefits	
FECA benefits not chargeable to other Federal agencies payable by DOL's Federal Employees' Compensation Act Special Benefit Fund	$ 271,995
FECA benefits due to eligible workers of DOL and Job Corps enrollees	221,280
FECA benefits due to eligible workers of the Panama Canal Commission	67,831
	$ 561,106

NOTE 11 - OTHER LIABILITIES

Other liabilities at September 30, 2000 consisted of the following current liabilities:

(Dollars in thousands)	2000
Intra-governmental	
Accrued payroll and benefits	$ 10,581
Advance from U.S. General Services Administration	1,011
Unearned FECA assessments	52,137
Non-entity receipts due to U.S. Treasury	68,280
Other due to U.S. Treasury	62,067
Amounts held for the Railroad Retirement Board	91,044
Total intra-governmental	285,120
Accrued payroll and benefits	33,430
Due to Backwage recipients	49,520
Unearned assessment revenue	38,342
Deposit and clearing accounts	18,882
Readjustment allowances and other Job Corps liabilities	67,197
Other advances	36
	207,407
	$ 492,527

NOTE 12 - LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Liabilities not covered by budgetary resources at September 30, 2000 consisted of the following:

(Dollars in thousands)	2000
Intra-governmental	
Advances from U.S. Treasury	$ 6,748,557
Accrued benefits	8,652
Future workers' compensation benefits	221,280
Accrued annual leave	85,264
Readjustment allowances and other Job Corps liabilities	67,197
	382,393
	$ 7,130,950

NOTE 13 - NET POSITION

DOL's net position by fund type at September 30, 2000 consisted of the following:

(Dollars in thousands)	Revolving Fund	Trust Funds	Appropriated Funds	Elimi-nations	Total
Unexpended appropriations					
Unobligated balance available	$ -	$ -	$ 1,615,730	$ -	$ 1,615,730
Unobligated balance unavailable	-	-	714,171	-	714,171
Undelivered orders	-	-	7,765,162	-	7,765,162
Total unexpended appropriations	-	-	10,095,063	-	10,095,063
Cumulative results of operations					
Unemployment Trust Fund					
Federal accounts	-	31,881,932	-	-	31,881,932
State accounts	-	53,152,562	-	-	53,152,562
	-	85,034,494	-	-	85,034,494
Longshore and Harbor Workers' Trust Fund	-	57,053	-	-	57,053
District of Columbia Trust Fund	-	4,341	-	-	4,341
Black Lung Disability Trust Fund	-	22,406	-	-	22,406
Other	14,333	9,528	77,663	-	101,524
	14,333	85,127,822	77,663	-	85,219,818
Liabilities not consuming budgetary resources:					
Future workers' compensation benefits	(2,801)	-	(561,106)	2,801	(561,106)
Advances from U.S. Treasury	-	(6,748,557)	-	-	(6,748,557)
Accrued benefits	-	(111,781)	-	-	(111,781)
Accrued annual leave	(3,749)	-	(85,673)	-	(89,422)
Other	(467)	(38,342)	(67,664)	934	(105,539)
	(7,017)	(6,898,680)	(714,443)	3,735	(7,616,405)
Assets not providing budgetary resources:					
Due from Federal agencies for:					
UCFE and UCX benefits	-	198,545	-	-	198,545
Workers' compensation benefits	-	-	3,191,592	(467)	3,191,125
Due from reimbursable employers for unemployment compensation	-	287,134	-	-	287,134
Net state unemployment taxes receivable	-	244,838	-	-	244,838
Net benefit overpayment receivable	-	146,336	14,841	-	161,177
Interest receivable	-	1,417,072	2,719	-	1,419,791
Other	3,291	1,912	15,428	(3,268)	17,363
	3,291	2,295,837	3,224,580	(3,735)	5,519,973
Net investment in capitalized assets	16,660	9	722,135	-	738,804
Total cumulative results of operations	27,267	80,524,988	3,309,935	-	83,862,190
	$ 27,267	$ 80,524,988	$ 13,404,998	$ -	$ 93,957,253

NOTE 14 - PENSION EXPENSE

Pension expense in 2000 consisted of the following:

(Dollars in thousands)	Employer Contributions	Accumulated Costs Imputed by OPM	Total Pension Expense
Civil Service Retirement System	$ 41,045	$ 39,626	$ 80,671
Federal Employees' Retirement System	46,136	(1,660)	44,476
Thrift Savings Plan	17,755	-	17,755
	$ 104,936	$ 37,966	$ 142,902

NOTE 15 - PROGRAM COST

Schedules A, B and C present detailed cost and revenue information by suborganization (responsibility segment) for programs in the Department, the Employment and Training Administration and the Employment Standards Administration in support of the summary information presented in the Consolidated Statement of Net Cost.

Cost and revenue by suborganization for the eleven outcome goals adopted in the Department's Annual Performance Plan for FY 2000, submitted under the requirements of the Government Performance and Review Act (GPRA), are presented in schedule D.

Detailed cost and revenue information by budget function is presented in Schedule E and intra-governmental cost and revenue information by budget function is presented in Schedule F.

NOTE 15 - PROGRAM COST - Continued

A. Consolidating Statement of Net Cost by Suborganization

Net cost by suborganization for the year ended September 30, 2000 consisted of the following:

(Dollars in Thousands)	Employment and Training Administration	Employment Standards Administration	Occupational Safety and Health Administration	Bureau of Labor Statistics
CROSSCUTTING PROGRAMS				
Income maintenance				
Intra-governmental	$ 199,348	$ 593,795	$ -	$ -
With the public	24,658,897	2,627,162	-	-
Total cost	24,858,245	3,220,957	-	-
Less earned revenue	(438,178)	(2,067,236)	-	-
Net program cost	24,420,067	1,153,721	-	-
Employment and training				
Intra-governmental	66,497	-	-	-
With the public	5,308,589	-	-	-
Total cost	5,375,086	-	-	-
Less earned revenue	(1,360)	-	-	-
Net program cost	5,373,726	-	-	-
Labor, employment and pension standards				
Intra-governmental	-	90,409	-	-
With the public	-	218,198	-	-
Total cost	-	308,607	-	-
Less earned revenue	-	(1,251)	-	-
Net program cost	-	307,356	-	-
Worker safety and health				
Intra-governmental	-	-	84,577	-
With the public	-	-	335,820	-
Total cost	-	-	420,397	-
Less earned revenue	-	-	(2,989)	-
Net program cost	-	-	417,408	-
OTHER PROGRAMS				
Statistics				
Intra-governmental	-	-	-	154,849
With the public	-	-	-	290,075
Total cost	-	-	-	444,924
Less earned revenue	-	-	-	(15,964)
Net program cost	-	-	-	428,960
Cost not assigned to programs	-	-	-	-
Less earned revenue not attributed to programs	-	-	-	-
Net cost not assigned to programs	-	-	-	-
Net cost of operations	$ 29,793,793	$ 1,461,077	$ 417,408	$ 428,960

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended September 30, 2000

Mine Safety and Health Administration	Pension and Welfare Benefits Administration	Veterans' Employment and Training	Other Departmental Programs	Eliminations	Total
$ -	$ -	$ -	$ 14,703	$ (25,065)	$ 782,781
-	-	-	26,583	(16)	27,312,626
-	-	-	41,286	(25,081)	28,095,407
-	-	-	-	25,081	(2,480,333)
-	-	-	41,286	-	25,615,074
-	-	9,944	1,379	(34,450)	43,370
-	-	176,265	3,505	34,247	5,522,606
-	-	186,209	4,884	(203)	5,565,976
-	-	-	-	203	(1,157)
-	-	186,209	4,884	-	5,564,819
-	34,462	-	12,872	(34,489)	103,254
-	90,296	-	62,319	34,420	405,233
-	124,758	-	75,191	(69)	508,487
-	(7,462)	-	-	69	(8,644)
-	117,296	-	75,191	-	499,843
76,935	-	-	69	(38,226)	123,355
209,010	-	-	202	38,214	583,246
285,945	-	-	271	(12)	706,601
(222)	-	-	-	12	(3,199)
285,723	-	-	271	-	703,402
-	-	-	-	(16,501)	138,348
-	-	-	-	10,510	300,585
-	-	-	-	(5,991)	438,933
-	-	-	-	5,991	(9,973)
-	-	-	-	-	428,960
-	-	-	70,542	(4,136)	66,406
-	-	-	(26,963)	4,136	(22,827)
-	-	-	43,579	-	43,579
$ 285,723	$ 117,296	$ 186,209	$ 165,211	$ -	$ 32,855,677

NOTE 15 - PROGRAM COST - Continued

B. Consolidating Statement of Net Cost - Employment and Training Administration

Net cost of the Employment and Training Administration for the year ended September 30, 2000 consisted of the following:

(Dollars in Thousands)	Employment Security	Training and Employment Programs	Eliminations	Total
CROSSCUTTING PROGRAMS				
Income maintenance				
Benefits	$ 21,137,613	$ 38	$ -	$ 21,137,651
Grants	3,594,435	-	-	3,594,435
Interest	3,316	-	-	3,316
Other	122,624	219	-	122,843
Total cost	24,857,988	257	-	24,858,245
Less earned revenue	(438,178)	-	-	(438,178)
Net program cost	24,419,810	257	-	24,420,067
Employment and training				
Benefits	2,393	51,103	-	53,496
Grants	153,941	4,939,083	-	5,093,024
Other	22,780	205,786	-	228,566
Total cost	179,114	5,195,972	-	5,375,086
Less earned revenue	-	(1,360)	-	(1,360)
Net program cost	179,114	5,194,612	-	5,373,726
Net cost of operations	$ 24,598,924	$ 5,194,869	$ -	$ 29,793,793

NOTE 15 - PROGRAM COSTS - Continued

C. Consolidating Statement of Net Cost - Employment Standards Administration

Net cost of the Employment Standards Administration for the year ended September 30, 2000 consisted of the following:

(Dollars in Thousands)	Office of Workers' Compensation Programs	Office of Federal Contract Compliance	Wage and Hour Division	Office of Labor Management Standards	Eliminations	Total
CROSSCUTTING PROGRAMS						
Income maintenance						
Benefits	$ 2,520,560	$ -	$ -	$ -	$ (1,335)	$ 2,519,225
Interest	541,117	-	-	-	-	541,117
Other	160,615	-	-	-	-	160,615
Total cost	3,222,292	-	-	-	(1,335)	3,220,957
Less earned revenue	(2,068,571)	-	-	-	1,335	(2,067,236)
Net program cost	1,153,721	-	-	-	-	1,153,721
Labor, employment and pension standards						
Benefits	-	12,768	26,326	5,837	-	44,931
Other	-	75,786	156,568	31,322	-	263,676
Total cost	-	88,554	182,894	37,159	-	308,607
Less earned revenue	-	-	(1,251)	-	-	(1,251)
Net program cost	-	88,554	181,643	37,159	-	307,356
Net cost of operations	$ 1,153,721	$ 88,554	$ 181,643	$ 37,159	$ -	$ 1,461,077

NOTE 15 - PROGRAM COST - Continued

D. Consolidating Statement of Net Cost by Outcome Goal

Net cost by outcome goal for the year ended September 30, 2000 consisted of the following:

(Dollars in Thousands)	Employment and Training Administration	Employment Standards Administration	Occupational Safety and Health Administration	Bureau of Labor Statistics
Increase employment, earnings and assistance	$ 4,078,151	$ -	$ -	$ -
Less earned revenue	(175)	-	-	-
Net program cost	4,077,976	-		
Assist youth in making transition to work	1,837,139	-	-	-
Less earned revenue	(972)	-	-	-
Net program cost	1,836,167	-	-	-
Provide information and tools about work	2,615,846	-	-	-
Less earned revenue	(5,341)	-	-	-
Net program cost	2,610,505	-	-	-
Provide information and analysis on the U.S. economy	-	-	-	444,924
Less earned revenue	-	-	-	(15,964)
Net program cost	-	-	-	428,960
Increase compliance with worker protection laws	-	210,233	-	-
Less earned revenue	-	(1,023)	-	-
Net program cost	-	209,210	-	-
Protect worker benefits	21,532,411	3,229,858	-	-
Less earned revenue	(432,764)	(2,067,465)	-	-
Net program cost	21,099,647	1,162,393	-	-
Provide worker retraining	168,813	-	-	-
Less earned revenue	(287)	-	-	-
Net program cost	168,526	-	-	-
Reduce workplace injuries, illnesses and fatalities	-	-	420,397	-
Less earned revenue	-	-	(2,989)	-
Net program cost	-	-	417,408	-
Foster equal opportunity workplaces	-	89,474	-	-
Less earned revenue	-	-	-	-
Net program cost	-	89,474	-	-
Support a greater balance between work and family	972	-	-	-
Less earned revenue	-	-	-	-
Net program cost	972	-	-	-
Reduce exploitation of child labor and address international labor standards issues	-	-	-	-
Less earned revenue	-	-	-	-
Net program cost	-	-	-	-
Cost not assigned to goals	-	-	-	-
Less earned revenue not attributed to goals	-	-	-	-
Net cost not assigned to goals	-	-	-	-
Net cost of operations	$ 29,793,793	$ 1,461,077	$ 417,408,	$ 428,960

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended September 30, 2000

Mine Safety and Health Administration	Pension and Welfare Benefits Administration	Veterans' Employment and Training	Other Departmental Programs	Eliminations	Total
$ -	$ -	$ 184,360	$ 11,649	$ -	$ 4,274,160
-	-	-	-	-	(175)
-	-	184,360	11,649	-	4,273,985
-	-	-	1,722	(203)	1,838,658
-	-	-	-	203	(769)
-	-	-	1,722	-	1,837,889
-	-	-	-	(1,743)	2,614,103
-	-	-	-	1,743	(3,598)
-	-	-	-	-	2,610,505
-	-	-	-	(5,991)	438,933
-	-	-	-	5,991	(9,973)
-	-	-	-	-	428,960
-	82,337	1,849	205	(48)	294,576
-	(5,148)	-	-	48	(6,123)
-	77,189	1,849	205	-	288,453
-	42,420	-	43,782	(23,360)	24,825,111
-	(2,313)	-	-	23,360	(2,479,182)
-	40,107	-	43,782	-	22,345,929
-	-	-	120	-	168,933
-	-	-	-	-	(287)
-	-	-	120	-	168,646
285,945	-	-	271	(12)	706,601
(222)	-	-	-	12	(3,199)
285,723	-	-	271	-	703,402
-	-	-	12,494	-	101,968
-	-	-	-	-	-
-	-	-	12,494	-	101,968
-	-	-	2,967	-	3,939
-	-	-	-	-	-
-	-	-	2,967	-	3,939
-	-	-	48,149	-	48,149
-	-	-	-	-	-
-	-	-	48,149	-	48,149
-	-	-	70,815	(4,136)	66,679
-	-	-	(26,963)	4,136	(22,827)
-	-	-	43,852	-	43,852
$ 285,723	$ 117,296	$ 186,209	$ 165,211	$ -	$ 32,855,677

NOTE 15 - PROGRAM COST - Continued

E. Consolidating Statement of Net Cost by Budget Function

Net cost by budget function for the year ended September 30, 2000 consisted of the following:

(Dollars in Thousands)	Natural Resources and Environment	Education, Training and Employment	Health
CROSSCUTTING PROGRAMS			
Income maintenance			
Intra-governmental	$ -	$ 55,388	$ -
With the public	-	191,803	-
Total cost	-	247,191	-
Less earned revenue	-	(2,608)	-
Net program cost	-	244,583	-
Employment and training			
Intra-governmental	-	43,366	-
With the public	-	5,368,398	-
Total cost	-	5,411,764	-
Less earned revenue	-	(1,157)	-
Net program cost	-	5,410,607	-
Labor, employment and pension standards			
Intra-governmental	-	78,021	-
With the public	-	315,026	-
Total cost	-	393,047	-
Less earned revenue	-	(1,251)	-
Net program cost	-	391,796	-
Worker safety and health			
Intra-governmental	-	8,774	114,581
With the public	489	31,002	551,755
Total cost	489	39,776	666,336
Less earned revenue	-	-	(3,199)
Net program cost	489	39,776	663,137
OTHER PROGRAMS			
Statistics			
Intra-governmental	-	138,348	-
With the public	-	300,585	-
Total cost	-	438,933	-
Less earned revenue	-	(9,973)	-
Net program cost	-	428,960	-
Cost not assigned to programs	-	66,407	-
Less earned revenue not attributed to programs	-	(22,827)	-
Net cost not assigned to programs	-	43,580	-
Net cost of operations	$ 489	$ 6,559,302	$ 663,137

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended September 30, 2000

Income Security	General Government	Totals
$ 727,393	$ -	$ 782,781
27,120,823	-	27,312,626
27,848,216	-	28,095,407
(2,477,725)	-	(2,480,333)
25,370,491	-	25,615,074
4	-	43,370
154,208	-	5,522,606
154,212	-	5,565,976
-	-	(1,157)
154,212	-	5,564,819
25,233	-	103,254
90,207	-	405,233
115,440	-	508,487
(7,393)	-	(8,644)
108,047	-	499,843
-	-	123,355
-	-	583,246
-	-	706,601
-	-	(3,199)
-	-	703,402
-	-	138,348
-	-	300,585
-	-	438,933
-	-	(9,973)
-	-	428,960
-	(1)	66,406
-	-	(22,827)
-	(1)	43,579
$ 25,632,750	$ (1)	$ 32,855,677

NOTE 15 - PROGRAM COST - Continued

F. Consolidating Statement of Net Cost by Budget Function (Intra-governmental)

Net intra-governmental cost by budget function for the year ended September 30, 2000 consisted of the following:

(Dollars in Thousands)	Education, Training and Employment	Health	Income Security	General Government	Total
CROSSCUTTING PROGRAMS					
Income maintenance					
Intra-governmental	$ 55,388	$ -	$ 727,393	$ -	$ 782,781
Less earned revenue	(2,577)	-	(2,476,183)	-	(2,478,760)
Net program cost	52,811	-	(1,748,790)	-	(1,695,979)
Employment and training					
Intra-governmental	43,366	-	4	-	43,370
Less earned revenue	(278)	-	-	-	(278)
Net program cost	43,088	-	4	-	43,092
Labor, employment and pension standards					
Intra-governmental	78,021	-	25,233	-	103,254
Less earned revenue	(20)	-	(7,393)	-	(7,413)
Net program cost	78,001	-	17,840	-	95,841
Worker safety and health					
Intra-governmental	8,774	114,581	-	-	123,355
Less earned revenue	-	(1,396)	-	-	(1,396)
Net program cost	8,774	113,185	-	-	121,959
OTHER PROGRAMS					
Statistics					
Intra-governmental	138,348	-	-	-	138,348
Less earned revenue	(4,841)	-	-	-	(4,841)
Net program cost	133,507	-	-	-	133,507
Cost not assigned to programs					
Intra-governmental	60,702	-	-	(8)	60,694
Less earned revenue not attributed to programs	(21,633)	-	-	-	(21,633)
Net cost not assigned to programs	39,069	-	-	(8)	39,061
Net cost of operations	$ 355,250	$ 113,185	$ (1,730,946)	$ (8)	$ (1,262,519)

NOTE 16 - NON-EXCHANGE REVENUE

Non-exchange revenues reported on the Consolidated Statement of Changes in Net Position in 2000 consisted of the following:

(Dollars in thousands)	2000
Employer taxes	
Unemployment Trust Fund	
Federal unemployment taxes	$ 6,877,654
State unemployment taxes	19,712,777
	26,590,431
Black Lung Disability Trust Fund excise taxes	518,467
	27,108,898
Investment interest	
Unemployment Trust Fund	5,357,153
Longshore and Harbor Workers' Trust Fund	2,458
District of Columbia Trust Fund	189
Panama Canal Commission Compensation Fund	6,109
	5,365,909
Non-Federal investment interest	1,332
	5,367,241
Assessments	
Longshore and Harbor Workers' Trust Fund	132,300
District of Columbia Trust Fund	11,709
Other	1,742
	145,751
Reimbursement of unemployment benefits from state and local governments and non-profit organizations to the Unemployment Trust Fund	1,014,531
	$ 33,636,421

NOTE 17 - TRANSFERS

Transfers from (to) other Federal agencies in 2000 consisted of the following:

(Dollars in thousands)	2000
Environmental Protection Agency	$ 650
General Services Administration	467
From DOL general fund unexpended appropriation accounts to the DOL Working Capital Fund	3,000
	4,117
General Services Administration	(1,614)
	$ 2,503

NOTE 18 - RECONCILIATION TO THE BUDGET

A reconciliation of budgetary resources, obligations incurred and outlays, as presented in the Consolidated Statement of Budgetary Resources, to amounts included in the Budget of the United States Government for the year ended September 30, 2000 is shown below.

(Dollars in millions)	Budgetary Resources	Obligations Incurred	Outlays
Consolidated Statement of Budgetary Resources	$ 36,957	$ 34,402	$ 32,654
Pension Benefit Guaranty Corporation reported separately	11,566	1,160	1,144
DOL allocation accounts reported by other Federal agencies	224	166	158
Accruals not reported in the budget	(278)	(278)	-
Obligations not reported in the budget	(48)	(48)	(48)
Offsetting receipts reported as obligations and outlays in the budget	127	127	127
Eliminations made for Consolidated Financial Statements	3,338	3,338	-
Expired accounts	(423)	(123)	-
Other	(29)	(3)	12
Budget of the United States Government	$ 51,434	$ 38,741	$ 34,047

Unemployment Trust Fund receipts are reported as budget authority in the Consolidated Statement of Budgetary Resources. The portion of UTF receipts collected in the current year in excess of amounts needed to pay benefits and other valid obligations are precluded by law from being available for obligation. Therefore, these excess receipts are not classified as budgetary resources in the Consolidated Statement of Budgetary Resources, and are shown as an negative adjustment to budget authority. These excess receipts are not included in unobligated balances in the status of budgetary resources included in that Statement. All excess receipts are reported as assets of the UTF and are included in the Consolidated Balance Sheet. They will become available for obligation as needed in the future.

The cumulative amount of excess UTF receipts are denoted as unavailable collections in the Budget of the United States Government. The prior year cumulative amount of these excess receipts has been reclassified from unobligated balances, beginning, in the Consolidated Statement of Budgetary Resources to UTF unavailable collections presented below.

(Dollars in millions)	2000
Unemployment Trust Fund unavailable collections, beginning	$ 76,219
Budget authority	32,900
Less obligations	(24,158)
Excess of budget authority over obligations	8,742
Unemployment Trust Fund unavailable collections, ending	$ 84,961

NOTE 19 - CUSTODIAL REVENUES

Custodial revenues in 2000 consisted of the following:

(Dollars in thousands)	Cash Collections	Less Refunds	Net Cash Collections	Increase (Decrease) in Amounts to Be Collected	Total Revenues
Civil monetary penalties					
OSHA	$ 62,247	$ (187)	$ 62,060	$ (1,676)	$ 60,384
MSHA	17,705	-	17,705	3,788	21,493
PWBA	13,368	-	13,368	1,498	14,866
ESA	13,655	(1)	13,654	84	13,738
	106,975	(188)	106,787	3,694	110,481
ETA disallowed grant costs	6,425	(3,143)	3,282	20,138	23,420
Other	770	-	770	-	770
	$ 114,170	$ (3,331)	$ 110,839	$ 23,832	$ 134,671

NOTE 20 - DEDICATED COLLECTIONS

DOL is responsible for the operation of four major trust funds. The financial position of each trust fund as of September 30, 2000 is shown below and on the following page.:

(Dollars in thousands)	Unemployment	Black Lung Disability	Longshore and Harbor Workers'	District of Columbia
Assets				
Intra-governmental				
Funds with U.S. Treasury	$ 270,800	$ 22,406	$ 451	$ 62
Investments	86,399,148	-	58,379	4,421
Accounts receivable, net				
Due from other Federal agencies				
For UCX and UCFE benefits	236,458	-	-	-
Interest	1,417,336	-	-	-
Total intra-governmental	88,323,742	22,406	58,830	4,483
Accounts receivable, net				
State unemployment tax	244,838	-	-	-
Due from reimbursable employers,	287,134	-	-	-
Benefit overpayments	135,972	10,364	-	-
Other	-	1,206	1,227	3
Advances to states	162,749	-	-	-
Total assets	$ 89,154,435	$ 33,976	$ 60,057	$ 4,486

NOTE 20 - DEDICATED COLLECTIONS - Continued

Liabilities				
Intra-governmental				
Accounts payable to ETA - SUIESO	$ 1,015,163	$ -	$ -	$ -
Excess investments due to U.S. Treasury	14,872	-	-	-
Advances from U.S. Treasury	-	6,748,557	-	-
Amounts held for the Railroad Retirement Board	91,044	-	-	-
Total intra-governmental	1,121,079	6,748,557	-	-
Accounts payable	-	-	-	-
Accrued benefits	797,219	30,928	1,285	92
Other	-	-	35,110	3,232
Total liabilities	1,918,298	6,779,485	36,395	3,324
Net position				
Cumulative results of operations	87,236,137	(6,745,509)	23,662	1,162
Total liabilities and net position	$ 89,154,435	$ 33,976	$ 60,057	$ 4,486

The net results of operations of each trust fund for the year ended September 30, 2000 is shown below.

(Dollars in thousands)	**Unemployment**	**Black Lung Disability**	**Longshore and Harbor Workers'**	**District of Columbia**
Cost, net of earned revenues				
Benefits	$ (21,132,946)	$ (418,726)	$ (129,453)	$ (11,520)
Interest	(3,316)	(541,117)	-	-
Administrative	(88,437)	(49)	-	-
	(21,224,699)	(959,892)	(129,453)	(11,520)
Earned revenue	420,399	-	-	-
	(20,804,300)	(959,892)	(129,453)	(11,520)
Net financing sources				
Taxes	26,590,431	518,467	-	-
Interest	5,357,153	1,334	2,458	189
Assessments	1,014,531	-	132,300	11,709
Transfers-in				
DOL entities	103,257	131	-	-
Transfers-out				
DOL entities	(3,417,971)	(49,771)	(1,740)	-
	29,647,401	470,161	133,018	11,898
Net results of operations	8,843,101	(489,731)	3,565	378
Net position, beginning of period	78,393,036	(6,255,778)	20,097	784
Net position, end of period	$ 87,236,137	$ (6,745,509)	$ 23,662	$ 1,162

NOTE 21 - CONTINGENCIES

Directives issued by the U.S. Department of Labor Employment and Training Administration allow states to borrow from sources other than Federal funds to pay unemployment benefits. These directives also allow these borrowings to be repaid from future state unemployment taxes. In 1993 the state of Connecticut issued bonds and used the proceeds to fund unemployment benefit payments. Although the state imposed special assessments on state employers to fund bond payments and interest costs, $127.2 million of unemployment taxes collected during fiscal years 1997 through 2000 were also used to pay bond principal. It is the state's intent to use $55 million of unemployment taxes collected in fiscal year 2001 to repay bond principal. However, the remaining outstanding principal on these bonds at September 30, 2000 is $287 million and this entire amount could potentially be repaid from taxes collected in 2001 or the state's Unemployment Trust Fund balance.